



CENTRAL BANK OF NIGERIA

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CIRCULAR TO ALL BANKS, OTHER FINANCIAL AND NON-BANK FINANCIAL INSTITUTIONS

ISSUANCE OF CONSUMER PROTECTION REGULATIONS

The Central Bank of Nigeria issued the Consumer Protection Framework (CPF) on November 7, 2016 to enhance consumer confidence in the financial services industry and promote financial stability, growth and innovation.

Further to the above, the CBN hereby issues the Consumer Protection Regulations to improve overall compliance with the CPF by banks, other financial and non-bank financial institutions (regulated institutions). The Regulations prescribe far-reaching requirements on Fair Treatment of Consumers; Disclosure and Transparency; Responsible Business Conduct; and Complaints Handling and Redress, in line with the principles enunciated in the CPF.

Consequently, all regulated institutions are required to immediately develop internal policies to comply with the Regulations and ensure approval by their respective Board of Directors. They shall thereafter forward the approved policies, which shall include comprehensive plans for consumer protection, education and enlightenment, to the Director, Consumer Protection Department, CBN on or before March 31, 2020.

Kofo Salam-Alada

Director, Consumer Protection Department



CENTRAL BANK OF NIGERIA

CONSUMER PROTECTION

REGULATIONS

TABLE OF CONTENTS

INTRODUCTION.....	3
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PART ONE - OBJECTIVES AND SCOPE

1. OBJECTIVES.....	4
2. SCOPE.....	4

3. PART TWO - FAIR TREATMENT OF CONSUMERS

3.1 GENERAL PROVISIONS.....	5
3.2 EQUITY.....	5
3.3 UNFAIR CONTRACT TERMS.....	6

4. PART THREE - DISCLOSURE AND TRANSPARENCY

4.1 GENERAL PROVISIONS.....	8
4.2 ADVERTISEMENT.....	10
4.3 PRE-CONTRACT DISCLOSURES.....	11
4.4 CONTRACTUAL DISCLOSURES.....	11
4.5 SPECIFIC PRODUCT DISCLOSURES.....	13
4.6 DISCLOSURE ON DEFAULT OF CREDIT REPAYMENT.....	14

5. PART FOUR - RESPONSIBLE BUSINESS CONDUCT

5.1 GENERAL PROVISIONS.....	15
5.2 RESPONSIBLE LENDING.....	16
5.3 SALES PROMOTION	17
5.4 DATA PROTECTION AND PRIVACY.....	18
5.5 DEBT COLLECTION.....	18

6. PART FIVE - COMPLAINTS HANDLING & REDRESS

6.1 GENERAL PROVISIONS.....	20
6.2 COMPLAINTS MANAGEMENT CHANNELS.....	20
6.3 INTERNAL DISPUTE RESOLUTION.....	21
6.4 DISPUTE RESOLUTION AT THE CENTRAL BANK OF NIGERIA.....	23

PART SIX – SANCTIONS, COMPLIANCE AND AMENDMENTS

7. SANCTIONS.....	24
8. COMPLIANCE.....	24
9. AMENDMENT.....	24

PART SEVEN – GLOSSARY AND ANNEXURES

10. GLOSSARY.....	25
11. ANNEXURE A.....	28
12. ANNEXURE B.....	30
13. ANNEXURE C.....	31
14. ANNEXURE D.....	32

INTRODUCTION

Pursuant to the powers conferred on the Central Bank of Nigeria (CBN) by the CBN Act, 2007 (as amended) and the Banks and Other Financial Institutions Act [BOFIA] 1991, as amended, the CBN hereby issues the Consumer Protection Regulations, herein referred to as "the Regulations" to give effect to the Principles contained in the Consumer Protection Framework for institutions licensed and/or regulated by the CBN.

The Regulations provide minimum standards required of Institutions under the regulatory purview of the Bank on fair treatment of consumers, disclosure and transparency, business conduct, complaints handling and redress in order to protect the rights of consumers and to hold the institutions accountable.

PART ONE - OBJECTIVES AND SCOPE

1. OBJECTIVES

The objectives of the Regulations are to protect consumers:

- 1.1.** From unfair and exploitative practices by Institutions in their dealings with the consumers;
- 1.2.** From unethical and predatory practices that undermine consumer confidence in the use of financial products and services;
- 1.3.** Against the provision of inadequate and misleading information and/or failure to disclose material information;
- 1.4.** By ensuring access to complaint redress mechanisms that are free, fair, timely, transparent, accessible and independent; and
- 1.5.** By encouraging transparency of Institutions in their dealings with consumers.

2. SCOPE

The Regulations shall apply to all Institutions licensed and/or regulated by the Central Bank of Nigeria. Institutions shall ensure that the provisions of the Regulations form part of any consumer related transaction, product or service agreement they may enter into with any other institutions which are otherwise not regulated by CBN.

PART TWO - FAIR TREATMENT OF CONSUMERS

3.1 GENERAL PROVISIONS:

Institutions shall comply with the following provisions to ensure fair treatment of consumers:

- 3.1.1 Treat consumers equitably without bias at all stages of the relationship.
- 3.1.2 Give consumers who meet the minimum legal and non – discriminatory eligibility requirements, equal access to basic services without regard to their social status, physical ability, marital status, gender, age, religion, tribe or ideology.
- 3.1.3 Consider the needs of the financially excluded, including the vulnerable groups such as low-income consumers, women, seniors, physically challenged and the non-literate in the development and implementation of their business models, strategies and processes.

3.2 EQUITY: It shall be the duty of Institutions to treat consumers equitably always. Therefore, Institutions shall:

- 3.2.1 Treat consumers with courtesy and respect and shall not engage in practices such as threats, intimidation, use of abusive or offensive language, humiliation, misrepresentation, deception or unfair inducements.
- 3.2.2 Apply lending fees on disbursed amounts only in respect of term loans, except for fees which are normally applicable on undisbursed portions.
- 3.2.3 Apply non-credit related fees/charges on an account only to the extent of the balance in the account, and defer the outstanding fees/charges until the account is funded and the customer notified of the deferred fees/charges.

- 3.2.4 Promptly oblige consumers' request for account closure or to switch providers, without unreasonable closing/switching barriers.
- 3.2.5 Ensure that variations to contracts including interest rate, fees or charges are only made if expressly provided for in the contract and shall notify consumer of any such variation.
- 3.2.6 Respond to customers' enquiries/requests within five (5) working days of receiving the enquiries/requests.
- 3.2.7 Communicate a decision (acceptance or decline) on applications for waivers, extensions, and other concessions to a customer within ten (10) working days, otherwise the application shall be deemed to have been granted.
- 3.2.8 Not act in a manner that is inconsistent with the terms and conditions of their contracts with their customers.
- 3.2.9 Not seek repayment or withhold, in part or in full, customer's funds to secure repayment before the due date, except with the written authorization of the customer.
- 3.2.10 Not charge early liquidation fees for consumer and SME loans with variable interest rate.

3.3 UNFAIR CONTRACT TERMS: Contracts between Institutions and consumers shall not contain unfair terms. Contract terms shall be considered unfair where there is an imbalance in rights and obligations which are detrimental to the consumer.

- 3.3.1 Without limitation to the general meaning of an "unfair contract term", a contract term is considered unfair if it:
 - a. Eliminates or limits the liability of an Institution to loss caused to a consumer by misrepresentation, negligence or misleading information on its products or services.

- b. Binds a consumer to an obligation while the corresponding obligation on the Institution is conditional.
- c. Terminates a contract or alters its clauses without reasonable notice to the consumer.
- d. Eliminates or limits Institution's liability with respect to actions or commitments undertaken by their employees, agents or intermediaries.
- e. Allows the Institution the possibility of transferring its rights and obligations under the contract, where this may reduce the rights of the consumers, without their consent.
- f. Eliminates or limits the right of consumers to seek legal redress in the event of a breach.
- g. Allows unilateral change to a contract without stating the circumstances under which the change could be made.
- h. Purport to waive any protection provided by a law, regulations or guidelines.

3.3.2 Unfair terms used in contracts are void and shall not be binding on consumers.

3.3.3 Contract terms that conflict with any laws or regulations are null and void to the extent of their inconsistency.

3.3.4 Where there is any doubt or ambiguity about the meaning of a term used in a contract or other document provided to a consumer, the interpretation most favorable to the consumer shall prevail.

PART THREE - DISCLOSURE AND TRANSPARENCY

4.1 GENERAL PROVISIONS

To promote transparency and enhance disclosure practices, Institutions shall comply with the following provisions:

- 4.1.1. Ensure that documents provided or made available to consumers shall:
 - a. Be written in clear, legible and simple English language and in a minimum font size of 10.
 - b. Be provided in a durable form for future reference.
 - c. State the name, contact details of the Institution and the consumer.
 - d. Contain a statement that the Institution is regulated by the Central Bank of Nigeria.
 - e. Not be misleading or deceptive.
- 4.1.2. Put procedures in place to ensure that an oral explanation of the document is provided to the consumer in a language that he or she understands if:
 - a. the consumer requests; or
 - b. it is reasonably obvious that the consumer is illiterate or visually impaired or, for any other reason, cannot understand the document.
- 4.1.3. Conspicuously display in their banking halls and publish on their websites and internet banking platforms, accurate and up to date information on all their products and services. Such information shall include:
 - a. prime and maximum lending rates;
 - b. deposit rates; and
 - c. exchange rates of foreign currencies.
- 4.1.4. Disclose to the consumer in writing, all Terms and Conditions of a transaction agreement

- 4.1.5. Ensure that the disclaimer “Terms and Conditions Apply” or any other phrase conveying a similar meaning shall only be used if the terms and conditions have been explained and disclosed in the contract or in other medium accessible by the customer. The Institution shall at all times, draw the consumer’s attention to such disclosure.
- 4.1.6. Clearly explain technical terms used in documents to the consumer to aid understanding.
- 4.1.7. Agree with consumers on the communication channel(s) to be used for all correspondences and include the channel(s) in all contract documents.
- 4.1.8. Ensure that their websites and other information dissemination channels are functional and regularly updated with the current features of products and services offered.
- 4.1.9. Comply with the rates, fees, charges, or prices published or disclosed at the engagement points.
- 4.1.10. Inform consumers of applicable and indicative foreign exchange rates through customer engagement points and advise consumers to always check the rates before consummating foreign exchange transactions.
- 4.1.11. Bear all costs associated with disclosures to customers required by the Regulations, except for deposits and withdrawals by or on behalf of the customer.

4.2 ADVERTISEMENT

Institutions shall comply with the following disclosures for all advertisements and promotional materials:

- 4.2.1 The content of advertisements shall be factual and unambiguous, expressed in clear and simple language and shall not be offensive, misleading, deceptive, injurious, or exaggerate the benefits of the products or services being advertised.
- 4.2.2 The overall impression of advertisements shall not emphasize benefits of a product or service while de-emphasizing its associated risks.
- 4.2.3 Disclose their contact details in any advertisement or promotional material.
- 4.2.4 Clearly disclose details of the cost of a product or services, including all fees and other associated charges.
- 4.2.5 Fully disclose the nature and value of benefits, where an advertisement refers to, or is linked to other value adding benefits.
- 4.2.6 Not make references to unaudited financial statements.
- 4.2.7 Not mention names of competitors or make comparisons in their advertisements.
- 4.2.8 Unsolicited advertisements through emails, text messages, voice calls and other channels sent by or on behalf of a Institution shall be at no cost to the consumer and shall contain an opt-out provision for future advertisements.
- 4.2.9 Notify the Director, Consumer Protection Department of the CBN prior to the commencement of advertisement of product or service by submitting a description of the content of the advertisement.

4.3 PRE-CONTRACT DISCLOSURES

Institutions shall comply with the following requirements prior to the execution of any contract with consumers:

- 4.3.1 Disclose all terms and conditions of a product or service on offer, as well as the features, risks, benefits, fees and other associated charges.
- 4.3.2 Disclose in contracts, the possibility of variations in interest rates or foreign exchange due to changes in market conditions.
- 4.3.3 Disclose similar products and services within the Institution, to enable consumers make comparisons and informed choices.
- 4.3.4 Provide the consumer, a Key Facts Statement (KFS) in the format attached as Annexure A stating a summary of key information on consumer loans.
- 4.3.5 Allow consumers a minimum of two (2) days from date of receipt, to review draft contract before execution except where the customer waives this in writing.
- 4.3.6 Give a consumer a cooling-off period of three (3) working days after the signing of a credit contract within which the consumer may cancel the contract without having to pay any penalty or charges. However, the consumer may choose to waive the option by notifying the bank in writing.

4.4 CONTRACTUAL DISCLOSURES

Institutions shall comply with the following requirements during the lifecycle of any contract with consumers:

- 4.4.1 Notify consumers of any transaction on their account immediately it is made. At a minimum, the notification shall include date, amount, payer, transaction reference, channel and the cleared account balance.
- 4.4.2 Ensure that descriptions in account statements are clear. At a minimum, it shall include, transaction reference, payer transaction channel, location and account balance.

4.4.3 Ensure that, at a minimum, credit contracts contain the following information:

- a. Key features and risks;
- b. Tenor of the contract;
- c. The nature, amount and method of calculation of any interest, fee or charge and when it is payable;
- d. The applicable Annual Percentage Rate (APR) to be calculated using the formula stated in Annexure B1 and B2;
- e. Notice of possible variations in interest rates, and how the consumer will be informed of changes; and
- f. Information on how to lodge a complaint to the Institution and escalate complaint to the CBN where necessary.

4.4.4 Provide consumer with monthly statements (or confirmation/investment advice as the case may be) for all products and account types, including loan accounts, special accounts and other related accounts at no cost.

4.4.5 Provide account balances to consumers on request.

4.4.6 Give prior notice of variation in interest rates to customers. At a minimum, the notice shall state:

- a. The reason for the variation;
- b. The commencement date;
- c. The revised repayment schedule (where necessary); and
- d. The alternatives available such as concession, restructuring, re-negotiation, opt-out or termination of the contract.

4.4.7 Ensure that variations in interest shall only be implemented after requisite notification to consumers: 10 working days (DMB) and 5 working days for other Institutions.

4.5 SPECIFIC PRODUCT DISCLOSURES

Institutions shall comply with the following additional disclosure requirements for specific product types in any proposed contract, letter of offer or final contract:

4.5.1 For credit facilities:

- a. Name and contact details of borrower;
- b. type and purpose of credit;
- c. collateral pledged and its estimated value;
- d. the amount of credit or applicable credit limit;
- e. conditions precedent to drawdown;
- f. moratorium (where applicable);
- g. insurance requirements (where applicable);
- h. details of lending fees;
- i. variable rate information (where applicable)
- j. repayment schedule for term loans;
- k. early liquidation terms;
- l. total cost of the credit;
- m. applicable rate of interest or fee relating to late payment or default;

4.5.2 For deposit products:

- a. minimum balance requirement and other limit on account balances or transactions where applicable;
- b. monthly maintenance fee, any applicable tenor for a term deposit and any penalty for terminating a term deposit early;
- c. savings withdrawal options; and
- d. any reason(s) and timeline within which the account could become inactive or dormant.

4.5.3 For products or instruments used as store of value such as e-wallet accounts, cards or any other form:

- a. minimum balance and any other limit on account balances and transactions (if applicable);
- b. types of payments for which the instrument may not be used;
- c. applicable agent outlets;
- d. expiration date which may be applicable to the payment instrument;
- e. processes and procedures to report mistaken and fraudulent transactions.

4.6 DISCLOSURE ON DEFAULT OF CREDIT REPAYMENT

- a. Institutions that are DMBs shall notify consumers within 3 days from the first day of default, through the agreed medium that a default charge would be applied on the account after 7 days from the date the obligation becomes due.
- b. Customers of Institutions other than DMBs shall be notified on the first day of default, that default charge would be applied on the account after 3 days from the date the obligation becomes due.
- c. Default charge shall be disclosed in customers' statements of account separately from the interest charge.

PART FOUR - RESPONSIBLE BUSINESS CONDUCT

5.1 GENERAL PROVISIONS

To promote good business practices, Institutions shall comply with the following provisions:

- 5.1.1 Conduct their business in a responsible, professional and ethical manner.
- 5.1.2 Train their staff to promote competence, efficiency and professionalism in the discharge of their duties.
- 5.1.3 Provide clear information about products and services, features, terms and conditions and the applicable fees and charges.
- 5.1.4 Provide and inform consumers of the channels to make enquiries and complaints.
- 5.1.5 Notify customers of circumstances or situations that may affect the terms of their contracts or relationships.
- 5.1.6 Display all applicable fees for electronic payment services with the option to accept or decline before a transaction is consummated. This should include a notice that third-party charges may apply.
- 5.1.7 Not impose any product, service or channel on consumers.
- 5.1.8 Not charge fees for issuance and renewal of products or services which have not been requested by the customer.
- 5.1.9 Not compel consumers to buy a product or service as a condition for the purchase of another product or service unless where the products or services are directly dependent.

5.2 RESPONSIBLE LENDING

To ensure that the capability of consumers to repay credits are professionally assessed, Institutions shall comply with the following requirements:

- 5.2.1 Include in credit risk assessment procedures, the type and circumstances for which a credit will be suitable as well as clear lines of authority for approving the product.
- 5.2.2 Before granting credit to consumers, assess their capability to repay in a sustainable manner taking into consideration their financial circumstances.
- 5.2.3 Ascertain the credit history of consumers from the Credit Risk Management System, Credit Bureau and other sources of credit reference before advancing credits.
- 5.2.4 Have a policy to deal with consumers who are in financial difficulty.
- 5.2.5 Monitor loan performance and upon early detection of repayment difficulties engage the customer to discuss alternative repayment options.
- 5.2.6 Not compel consumers to buy products or services, such as insurance or valuation from a particular third-party provider as a pre-condition for the grant of a credit facility, but can provide the option to choose from at least three (3) providers or any number as may be prescribed by CBN from time to time.
- 5.2.7 Ensure that guarantors confirm in writing that they have read and understood their commitments, potential implications and the maximum amount they are guaranteeing, and have either:

- a. sought and obtained independent professional advice before executing the guarantee; or
 - b. declared that they do not need independent advice.
- 5.2.8 Provide periodic update to Guarantors on the loan performance to enable them to assess the likelihood of being called upon to discharge their commitments.
- 5.2.9 Issue Letter of Discharge at no cost to customers within 5 business days after liquidation of their loans, and where the loan is guaranteed, the guarantor shall also be notified accordingly.
- 5.2.10 Notify customers where their loan requests are declined. The reason(s) for decline shall be provided upon request.

5.3 SALES PROMOTION

To ensure that advertisements and promotional materials on products and services are clear and not misleading, Institutions shall

- 5.3.1 Provide information that would aid consumers' decisions.
- 5.3.2 Carry out marketing of products and services in an ethical and professional manner
- 5.3.3 Ensure that sales and marketing staff are properly trained and competent to perform their functions. The staff should be knowledgeable in key features, risks and critical terms of product offering.
- 5.3.4 Establish a process to periodically check and monitor the competence and conduct of sales and marketing staff.
- 5.3.5 The remuneration of marketing/sales staff shall not be solely based on sales volume/target but must give consideration to the interests and circumstances of the customers.

- 5.3.6 Provide consumers with the option to opt out from receiving marketing materials.

5.4 DATA PROTECTION AND PRIVACY

To ensure data protection and privacy of consumers, Institutions shall:

- 5.4.1 Protect the privacy and confidentiality of consumer information and assets against unauthorized access, and be accountable for acts or omissions in respect thereof.
- 5.4.2 Obtain the written consent of consumers to collect and process their personal data for specific purpose and provide them with the option to withdraw the consent at any time.
- 5.4.3 Not transfer personal data of consumers to a third party without their express consent, except in compliance with a legal obligation.
- 5.4.4 Inform consumers whenever their data is exchanged with an authorized third party, stating details of the exchange.
- 5.4.5 Review data processing and privacy procedures to ensure that the purpose(s) for which initial consent was granted remained valid.
- 5.4.6 Keep accurate and updated data of consumers always.

5.5 DEBT COLLECTION

To ensure that debt recovery processes are transparent, courteous and fair, devoid of undue pressure, intimidation, harassment, humiliation or threat, Institutions shall.

- 5.5.1 Engage and give customers notice(s) of outstanding obligations prior to the commencement of a debt collection.
- 5.5.2 Initiate foreclosures only when other recovery steps have been unsuccessful.

- 5.5.3 Give customers the option of a private sale, to be exercised within 30 days before commencing foreclosure, except where the customer waives the right.
- 5.5.4 Ensure that the net proceeds from foreclosures are immediately applied to the loan account and customers informed of any balance.
- 5.5.5 Provide customers with a report of the sale of the collateral. At a minimum, the report shall state the process, proceeds, incidental expenses and the net proceeds.
- 5.5.6 Be liable for the actions of their agents engaged for debt collection.
- 5.5.7 Not engage in any of the following:
 - a. Contact friends, employer, relatives or neighbours of a customer for any information other than information on employment status, telephone numbers or address, except where:
 - i. the person has guaranteed the loan; or
 - ii. the person has consented to be contacted.
 - b. Require any of the persons listed in (a) above to offset the debt, except where the person has acted as a guarantor.
 - c. Make telephone or personal contact with customers between the hours of 9.00pm and 8.00am for the purpose of debt recovery, except with the prior consent of the customer.

PART FIVE - COMPLAINTS HANDLING & REDRESS

6.1 GENERAL PROVISIONS

The resolution of disputes shall be the responsibility of Institutions. Consumer complaints shall first be lodged with Institutions for timely resolution and redress. Institutions shall:

- 6.1.1 Develop documented processes on Complaints Handling that will guarantee fairness, transparency, responsiveness and independence of the complaint handling mechanism.
- 6.1.2 Allocate adequate resources for complaints handling/redress and the processes manned by skilled and well-trained members of staff.
- 6.1.3 At all customer engagement points, disclose channels and contact details for lodging complaints, timeframe for resolution, and options for escalation. Where it is not practicable to comply with this, refer customers to where the information required could be obtained.

6.2 COMPLAINTS MANAGEMENT CHANNELS

Institutions shall provide multiple dedicated channels to receive and handle consumer complaints including verbal complaints. The channels may include letters, e-mails, telephone lines, social media and digital software platforms. The following requirements shall apply in the deployment of the channels:

- 6.2.1 Be effective, functional, efficient and accessible always.
- 6.2.2 Generate a unique identification number and acknowledge complaints within 24 hours of lodgment, including transcription of verbal complaints.
- 6.2.3 Accord special consideration to the needs of vulnerable groups, especially the physically challenged persons and seniors.
- 6.2.4 Provide emergency channels for reporting time-sensitive issues especially fraud-related complaints at all times.

6.3 INTERNAL DISPUTE RESOLUTION

Institutions shall establish Internal Dispute Resolution (IDR) structures and processes for the effective management of consumer complaints. The IDR mechanism shall satisfy the following requirements:

- 6.3.1 Be under the oversight of the Executive Compliance Officer or an equivalent.
- 6.3.2 Upon receipt of a complaint, communicate to the consumer within 24 hours, an acknowledgment containing:
 - a. a unique identification or tracking number,
 - b. contact details of the complaints desk,
 - c. expected resolution timeline,
 - d. escalation options; and
 - e. an assurance that the complaint is being addressed.
- 6.3.3 Use the unique identification or tracking number in all correspondence with the complainant.
- 6.3.4 Designate a unit for complaints handling independent of other products or business functions taking into consideration, the nature and complexity of their business.
- 6.3.5 Staff responsible for handling complaints shall be required to declare any conflict of interest that may affect their objectivity in handling a complaint.
- 6.3.6 Resolve complaints received within the time specified in the Timelines for Complaints Resolution by Institutions in Annexure D.
- 6.3.7 Refund identified excess charges, non-payment or under-payment of interest on deposits, unauthorized debits, etc. along with interest as provided in the extant Monetary, Credit, Foreign Trade and Exchange Policy Guidelines or any regulation issued by the CBN.
- 6.3.8 Issue a letter of apology to the complainant where the above applies.

- 6.3.9 Reconstruct customers' accounts to establish excess charges on overdrawn accounts, and pay Interest on the identified excess charges after reconstruction, in accordance with extant CBN Regulations.
- 6.3.10 Remit established refunds and interest thereon to the complainants' accounts within the prescribed Timelines for Complaints Resolution by Institutions contained in Annexure D.
- 6.3.11 Send a Summary Resolution Communication (SRC) for resolved complaints, to the complainant by the next business day conveying:
- a. the basis for the decision(s);
 - b. the right of appeal available to the complainant for a second level review by the Institution; and
 - c. the right of escalation to the CBN, or other Alternative Dispute Resolution (ADR) avenues where the complainant is not satisfied with decisions arrived at.
- 6.3.12 A complaint shall be considered as resolved where the complainant has indicated acceptance of the resolution in writing to the Institution within 30 days after the receipt of the SRC, otherwise the complaint shall be deemed resolved and closed in the records of the Institution.
- 6.3.13 Where a complainant is dissatisfied with a decision communicated by a Institution, the complainant shall, within 30 days from the date of the receipt of the SRC, request in writing for a 2nd level review.
- 6.3.14 Upon receipt of a request for 2nd level review, the Institution shall review, resolve and communicate decision(s) within the Timelines for Complaints Resolution by Institutions as contained in Annexure D for second level review.
- 6.3.15 Identify recurring complaint types, identify their root cause(s), implement remedial measures, and generate a Root Cause Analysis Report (RCAR).
- 6.3.16 Prepare quarterly RCAR and submit to the Central Bank of Nigeria on or before 14th day of January, April, July and October respectively.

- 6.3.17 The RCAR shall contain the frequency of occurrence, identified root cause(s) and the remedial actions implemented.
- 6.3.18 Report complaints statistics in annual reports and the abridged Financial Statement in line with the approved format or any other format as may be prescribed by the CBN from time to time.
- 6.3.19 Institutions may outsource complaints handling functions subject to CBN approval.

6.4 DISPUTE RESOLUTION AT THE CENTRAL BANK OF NIGERIA

- 6.4.1 **Eligibility:** A complaint shall only be escalated to the CBN:
 - a. If the complainant has exhausted the Institution's Internal Dispute Resolution (IDR) process.
 - b. If an Institution fails to acknowledge the complaint within 3 days.
 - c. Within 90 days from the date of the receipt of a decision from an Institution.
 - d. If it is not undergoing the process of resolution or already considered and resolved by a recognized ADR channel.
 - e. If it is not under litigation or already adjudicated upon by a court of law, except where the aspect before the court is distinct from the matter brought to the CBN or where the court is dealing with the criminal aspect of the matter.
 - f. Provided that the provisions of Clauses 6.4.1.d and Clauses 6.4.1.e shall not fetter the power of the CBN over regulatory issues.

PART SIX – SANCTIONS, COMPLIANCE AND AMMENDMENTS

7. SANCTIONS

Penalties for violation of the Guidelines by Institutions shall be applied as provided below:

- 7.1 Non-resolution of complaints within prescribed timelines - A penalty of N500,000.00 per complaint per week while the infraction subsists.
- 7.2 Non-acknowledgment of complaints from customer or non-issuance of tracking numbers – N2,000,000.00 per complaint.
- 7.3 Non-response to request or failure to comply with CBN directive - A penalty of N2,000,000.00.
- 7.4 False or non-rendition of Returns/Reports - N100,000.00, and in addition, N10,000 for each day the infraction continues.
- 7.5 Persistent breach of regulations - Administrative sanctions on responsible officer(s), including issuance of warning letters and any other statutory sanctions on the officer(s) or Institution. These may be in addition to the sanctions prescribed in this Section of the Regulation.
- 7.6 Failure to comply with other provisions of the Regulations not specified above shall attract sanctions provided in the CBN Act, the BOFIA, other enabling laws and regulations.

8. COMPLIANCE

Institutions shall, not later than three months after the issuance of the Regulations, develop a policy approved by the Board of Directors that documents the processes, procedures and systems designed to ensure compliance with the provisions of the Regulations.

9. AMENDMENT

This Regulations may be amended by the CBN, as the need arises.

10. GLOSSARY

TERMS	DEFINITION
Advertisement	Information disseminated to the public through displays, exhibitions, sales promotions, publications, press releases, notices, etc.
Annual Percentage Rate (APR)	Annual rate charged for borrowing expressed as a percentage that constitutes the interest rate charged and annualized fees/charges for the tenor of the facility.
Complaint	An expression of dissatisfaction with a service rendered by an Institution.
Conditions precedent to drawdown	Requirements a borrower must fulfil before accessing approved loan.
Consumer	A person or an entity that uses, has used or a potential user of financial products or services of an Institution.
Consumer loan	Loan granted to an individual (whether secured or unsecured) for personal, family, or household purposes.
Credit contracts	Contracts for loans and overdrafts
Credit Risk Management System	Central credit register maintained by the Central Bank of Nigeria.
Customer	A person or entity that has a relationship with an Institution by reason of purchase of products or services offered by the institution.
Customer engagement points	Location or medium (physical or virtual) where interactions between a consumer and the Institution take place.
Document	Document Include contract agreements, offer letters, correspondence, etc. in hard or soft copy.

Early liquidation Fee	Amount charged by an Institution when a consumer pays down a loan before the agreed time.
Institutions	Commercial Banks, Merchant Banks, Specialized Banks, Micro-finance Banks (MFBs), Development Finance Institutions (DFIs), Finance Companies (FCs), Bureau-de-Change (BDCs), Primary Mortgage Banks (PMBs), Credit Bureau, Mobile Money Operators, Payment Service Banks, Switching Companies, Payment Solution Service Providers, Payment Terminal Service Providers, Non-bank Acquirer, Super Agents, Mobile Money Operators, including their agents and any other Institution licensed and/or regulated by the Central Bank of Nigeria
Internal Dispute Resolution	Procedure within an Institution for the resolution of consumer complaints.
Letter of Discharge	A letter issued by an Institution to customers as evidence of discharge of credit obligation.
Non-credit related fees/charges	Fees and charges other than repayments of credits or other credit related obligations
Private Sale	Sale of collateral by a customer.
Physically challenged	Persons with limited capacity to undertake normal activities because of a challenge beyond their control.
Recognized ADR Institutions	Institutions established by law or recognized by the CBN.
Related accounts	All accounts held by an Institution in the name of a customer or with common ownership.
SME	As defined by the Central Bank of Nigeria.
SME loan	Loans granted to enterprises defined by CBN as an SME.

Seniors	Elderly consumers who are 60 years and above.
Summary Resolution Communication	A written communication from an Institution informing a complainant that a complaint has been resolved with the option of escalation to CBN, if dissatisfied with the outcome.
Tracking Number	As defined in and generated by the Consumer Complaints Management System.
Unsolicited Advertisements	Information disseminated for commercial purposes to consumers without their consent.

ANNEXURE A

**KEY FACTS STATEMENT
(THIS IS NOT AN OFFER OF CREDIT OR CONTRACT)**

This Key Facts Statement (KFS) summarizes key information of the loan you are interested in and can be used for comparison purposes between different credit providers.

DISCLOSURE DATE: Include date at which information is correct. *This is the date at which the information is correct. Note that the final loan features may differ because of your personal financial position or due to a change in the information provided, including interest rates and fees and charges.*

THE LOAN	
Loan amount:	N _____
Tenor:	___ months / years (delete whichever is not applicable)
Interest rate:	___% Variable/Fixed (delete whichever is not applicable)
Collateral:	Yes/No (delete whichever is not applicable)

TOTAL COST TO CONSUMER	
Total amount you will pay back	N _____
This means you will pay back	N _____ for every N _____ borrowed
Annual Percentage Rate (APR)	_____ %
<i>This reflects the total cost of the credit on a yearly basis expressed as percentage, using the information at the disclosure date. It is a useful tool for comparison with similar loans</i>	

Specific information about your loan

Loan received **N**

Interest rate _____%
(Variable interest rates may change)

Total interest charges (Total interest you will pay) **N**
(Total interest may increase for variable interest rates)

Total fees and charges* **N**
(Total other charges you will pay throughout the duration of the loan).

Total cost of credit **N**
(This is made up of total interest and all other charges for the tenor of the loan.)

Repayments

Repayment amount (see attached repayment schedule) **N** month/quarter for tenor of loan
Amount you will need to repay on due date

Date of first repayment _____/_____/_____
 Date on which other repayments are due _____
 in each week / month
 for tenor of loan after the first
 repayment period

Total number of repayments _____

***Note that the amount required to be paid (for each repayment and total) does not include fees which are dependent on events that may not occur (for example, late payment fees)**

Fees and charges comprise of:

(A) credit prover's fees		(B) Third party fees/charges	
<i>(List all applicable lending fees)</i>		<i>(List all applicable 3rd party fees)</i>	
(1) _____	N_____	(1) _____	N_____
(2) _____	N_____	(2) _____	N_____
Total (A)	N_____	Total (B)	N_____
Total Fees and charges (A+B) N_____			

Penalties and Additional Requirements

- **Late Payment:** If a payment is more than 7 days late from the due date, you will be charged 1% flat per month on the overdue amount.
- **Early Liquidation of the Loan:** You may be charged a fee if you pay off your loan before maturity, the amount of which will depend on the terms of your contract.
- **Cooling Off Period:** You may cancel your loan contract within 3 days after signing.
- **Variations:** The interest rate, and fees and charges, disclosed here may change, including during your contract. You should receive notice of any change after your contract is entered into.

Have a complaint or a query?

Do not hesitate to reach out to your lender through the following

Telephone _____ Address: _____ Email: _____

If dissatisfied with the resolution of your complaint, you can escalate the complaint to the Consumer Protection Department of the Central Bank of Nigeria by writing to the Director, Consumer Protection Department, CBN, Abuja or send an email to: cpd@cbn.gov.ng.

ANNEXURE B

FORMULA FOR CALCULATING ANNUAL PERCENTAGE RATE (APR) FOR TERM LOANS OF ONE YEAR AND ABOVE

$$APR = \frac{2nc}{P(N+1)}$$

Where:

n = Number of payment periods in 1 year

c = Total cost of the loan made up of total interest payments and **all** other fees charges (including third parties' charges such as insurance etc)

P = Principal or net amount borrowed

N = Total number of payments to pay off the loan

ANNEXURE C

FORMULA FOR CALCULATING ANNUAL PERCENTAGE RATE (APR)

For overdrafts and other short term loans below 1 year:

$$APR = \frac{C}{L} \times \frac{365}{t}$$

Where:

C = Total cost of the loan made up of total interest charge and **all** other fees charges (including third parties' charges such as insurance etc.)

L = Loan amount

t= Tenor in days

Assumptions:

For overdraft facility, the limit is assumed to be taken as a whole on day 1.

ANNEXURE D

TIMELINES FOR COMPLAINTS RESOLUTION BY INSTITUTIONS

Category	Sub-category	CCMS Code	1st Review (working days)	2nd review (working days)
Account Management	Account Closure without notice	A001	2	1
	Account Details Maintenance	A002	2	1
	Account Statement Issues	A003	2	1
	Account Status	A004	2	1
	Cheque Issues	A005	2	1
	Corporate Search	A006	2	1
	Delay in honouring Standing Instruction request.	A007	2	1
	Non-reflection of Cash/Cheque Deposits in Customer Account	A008	2	1
	Account Closure Delays	A009	2	1
	Account Freeze Complaint	A010	2	1
	Account Reactivation Delays	A011	2	1
	Account to Account Transfer Delays (Same bank)	A012	2	1
	Cheque Confirmation Complaints	A013	2	1
	Cheque Return Complaint	A014	2	1
	Account Alert Issues (SMS and e-mails)	A015	2	1
	Wrong Account Lien	A016	2	1

Category	Sub-category	CCMS Code	1st Review (working days)	2nd review (working days)
	Cheque Return Request	A017	2	1
	Bills Payment and collection	A018	2	1
	Others	A999	2	1
Cards	Card Activation	B001	3	2
	Card Deactivation	B002	3	2
	Card Issuance	B003	3	2
	Card Functionality	B004	3	2
	Charges/Rates Issues	B005	3	2
	Chargebacks / Claim local (not on us)	B006	5	3
	Chargebacks / Claim local (on us)	B007	3	2
	Chargebacks / Claim international (not on us)	B008	60	30
	Chargebacks / Claim international (on us)	B009	50	25
	Credit card contract migration	B010	3	2
	Card PIN Issues	B011	3	2
	Limit Maintenance	B012	3	2
	Repayment Issues	B013	3	2
	Card Statements Issues	B014	3	2
	Missing card	B015	3	2
	Card Modifications	B016	3	2
	Card Account(s) Link complaints	B017	3	2
	Billing address Issues	B018	3	2
	Card Blockage Issues	B019	3	2

Category	Sub-category	CCMS Code	1st Review (working days)	2nd review (working days)
	Declined Transactions	B020	3	2
	Others	B999	3	2
Loans	Loan Application Issues	C001	14	7
	Loan Repayment Issues	C002	14	7
	Loan Insurance	C003	14	7
	Concessions Issues	C004	14	7
	Delayed delivery of financed assets	C005	14	7
	Loan Liquidation issues	C006	14	7
	Loan Restructuring issues	C007	14	7
	Loans Interest Rate Review Complaint	C008	14	7
	Others	C999	14	7
Fraud	Conversion of Cheque/Deposit	D001	60	30
	Scam Mails	D002	3	2
	Fraudulent Withdrawals	D003	14	7
	Internet Banking Fraud	D004	3	2
	ATM Fraud (Domestic)	D005	3	2
	ATM Fraud (International)	D006	60	30
	Cash/Cheque Suppression	D007	60	30
	Cheque Cloning	D008	60	30
	Others	D999	3	2
Excess Charges	Excess Fees and charges	E001	30	15
	Excess Interest on loan	E002	30	15
	Others	E999	14	7

Category	Sub-category	CCMS Code	1st Review (working days)	2nd review (working days)
Funds Transfer/Remittances	Western Union Money Transfers	F001	5	3
	MONEYGRAM Transfers	F002	5	3
	Funds transfer charges	F003	5	3
	Delayed / Inward Transfers	F004	5	3
	Wrong Customer / Beneficiary details	F005	5	3
	Delayed TELEX/Swift Request	F006	5	3
	Intrabank Transfer Failure	F007	1	1
	Wrong Account Credit	F008	1	1
	Wrong Account Debits	F009	1	1
	Others	F999	1	1
Bonds, Guarantees and Indemnities	Dishonoured Guarantees	H001	3	2
	APG Issues	H002	3	2
	Performance Bonds	H003	3	2
	Other Contingent Issues/Indemnities	H999	2	1
Tenured Investment	Non /Underpayment of interests on investments	I001	5	3
	Roll over issues	I002	5	3
	Non-booking of deposits	I003	5	3
	Non issuance of contract letters	I004	5	3
	Others	I999	2	1

Category	Sub-category	CCMS Code	1st Review (working days)	2nd review (working days)
E-channels	non-functional ATM	J001	3	2
	Non-functional POS	J002	3	2
	POS Receipt/Slip Issues	J003	3	2
	Trapped Card	J004	3	2
	ATM Cash Dispense Error claim - OWN BANK	J005	3	2
	ATM Cash Dispense Error claim (Other Banks)	J006	3	2
	Mobile Banking Issues	J007	3	2
	Charges on non-receipt of transaction alerts	J008	3	2
	Password Reset Issues	J009	3	2
	Account Unlock	J010	3	2
	Login Issues (Password/User ID Issues)	J011	3	2
	Online Transaction Limit	J012	3	2
	OTP generation Issues.	J013	3	2
	Registration issues	J014	3	2
	Failed transaction(WEB / POS)	J015	3	2
	Other POS issues	J016	3	2
	Internet Banking Account View Inability	J017	3	2
	Internet Banking Account(s) Link Request	J018	3	2
	Internet Banking Funds Transfer Failure	J019	3	2
	Others	J999	2	1

Category	Sub-category	CCMS Code	1st Review (working days)	2nd review (working days)
International Trade	Capital Importation Issues	K001	2	1
	Export Issues	K002	2	1
	Form A	K003	2	1
	Form M	K004	2	1
	Delays in confirmation of duty payment to port	K005	2	1
	Letter of Credit	K006	2	1
	Shipping Documents	K007	2	1
	Bills for collection	K008	2	1
	CRI Issues	K009	2	1
	International Banking Fraud (Not on us)	K010	60	30
	International Banking Fraud (on us)	K011	50	25
	Others	K999	2	1
Miscellaneous		Z	2	1

CONSUMER PROTECTION DEPARTMENT

DECEMBER 2019